

TREASURY NEWS



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REMARKS BY
DIRECTOR OF THE MINT
DONNA POPE
AT THE NUMISMATIC THEATRE
AMERICAN NUMISMATIC CONVENTION
BALTIMORE, MARYLAND
August 24, 1985

Good afternoon. I hope everyone here is enjoying this really fine convention with cooperation from the weather on this beautiful day. I gather that since I was invited to speak to you again this year, you either must have enjoyed my remarks last year or were desperate for speakers this year. I prefer to believe the former -- but -- for whatever reason, this seems to be the start of a tradition of the Mint Director reporting first hand to the coin collectors, our valued customers, on the affairs and plans of the Mint.

For the benefit of those who missed last year's remarks let me take a moment and review my duties as Mint Director to provide a short introduction to the Nation's Mints.

One might think that a Mint Director, like the King in an old nursery rhyme, might spend all of her time in the "counting house, counting all the money". The job and the Mint are more complex than that.

The Mint Director wears many hats including those of a factory foreman, a policeman, an international diplomat and a marketer. However, the principle responsibilities are those of producing the Nation's coinage, around 18 billion last year, and the security of the gold reserves. As I am fond of saying, Elizabeth Taylor may have her diamond, but nothing can compare to my 263.5 million fine troy ounces of gold presently worth about 80 billion dollars.

Speaking as a factory foreman I should tell you that the Mint operates out of six facilities across the country, located in Denver, Philadelphia, West Point New York, two in San Francisco and, of course, Fort Knox. Philadelphia and Denver produce the bulk of our coinage. Our headquarters in Washington coordinates all of the work done in the field plus works directly with the Congress and other government agencies. In this past year, the Mint headquarters moved from a dilapidated old building on 13th Street to a new and modern building closer to the Capitol Hill area. The employees like the new surroundings and it is certainly a more functional work place than the old building.

As a policeman, I protect the gold reserves of the United States, substantial silver reserves, the coins in the mints and some unidentified items stored in our vaults by

other government agencies in the event of a national emergency. The Mint employs over 200 men and women as police officers to carry out this mission.

On the international scene we are the largest Mint in the world. We are also the only national mint administered by a woman. This past year we have received visitors from all around the globe who come to us seeking technical or marketing advice. Additionally, the U. S. Mint participated for the first time in many years in the FIDEM Congress in Stockholm, Sweden last June. This biennial conference brings together medalists, Mint Directors and artists to review and discuss trends in medal making and design. I found that Congress to be very educational on an art form few understand or appreciate.

In the Statue of Liberty program on which the Treasury is now embarking, the U. S. Mint is charged, among other things with developing our export program. It is my intent to model our efforts along the same line as the leading foreign mints in worldwide marketing and develop some inhouse expertise working with groups of established regional distributors abroad. It is an exciting venture and if successful, hopefully, will open new markets for all of the Mint products. For the convenience of U. S. firms we have decided that the domestic market for the Statue of Liberty Program will include all of North, Central and South America.

The Mint manages an extensive marketing effort. In the past year, we sold 2.7 million 1985 proof sets, 1.9 million 1984 uncirculated sets plus national medals and assorted other coins. We operate three retail sales operations and have a contractor operate the fourth. The ANA is not the only convention at which the Mint had an exhibit. For the past three years we had exhibits at the major banking and financial conventions to introduce them to Mint products and we recently participated at the Canadian Numismatic Convention.

Our inhouse gold medallion sales effort last December and January resulted in the sales of 100,000 medallions worth \$26 million.

Next month the Mint will issue its first catalogue of products in a special Christmas promotion. The catalogue will offer the regular proof and uncirculated coin sets plus Mint medals. Gold medallions will be available in sets of five ounce pieces or half ounce pieces. This will be the last time George Washington Commemorative Coins will be offered to the public. It is our plan to discontinue sales and melt the remaining coins at the start of next year. So, if you have not bought your GW coins, this is your last chance.

All of our marketing efforts are geared toward professionalizing our delivery and enhancing our products. Additionally, these programs are good revenue raisers for the government, having produced a \$279 million contribution to the general fund of the Treasury last year. This does not include the \$72 million dollars raised in the Olympic Coin Program for the U. S. Olympic effort. You see the U. S. Mint makes money in more ways than one.

As I mentioned, the Treasury Department through a joint effort by the Office of the Treasurer and the U. S. Mint is now embarking on a coin program, similar to the Olympics to raise funds for the restoration and renovation of the Statue of Liberty and Ellis Island. The program will feature three coins, a gold half eagle, a silver dollar and a clad fifty cent piece. They will carry a surcharge of \$35, \$7 and \$2 respectively in the selling prices which are earmarked for the Foundation organizing the restoration effort. It is the goal of this program to raise at least \$40 million to "help save the lady". The first coins will be struck during simultaneous ceremonies at the West Point Bullion Depository and the San Francisco Assay Office in October. The first public offering of the coins will be made in November with delivery slated for the first of the year. A great deal of effort has gone into the many facets of this program and we certainly have built on our Olympic experience to design a tremendous coin program.

All through the Olympic Program we had major problems with order processing, computer processing and customer service. I spent many anguishing afternoons signing letters to outraged customers who had not received their coins or had not had their problem resolved to their satisfaction. Recognizing that good customer service is a company's key to excellence, we are making major improvements.

When I first came to the Mint I regarded Computers as somewhat similar to witchcraft. Today, while I am by far not an expert, there is a deep, deep appreciation for what a good computer can do for you or what a bad set up can do to you. The Mint's old computer has been replaced with a modern reliable group of minicomputers which will provide more efficient and accurate processing. Our former computer was in such bad shape that midway through the Olympic program we had to transfer to another computer resulting in terrible transfer problems. We are upgrading the software that manages the Mint mailing list to provide ease of access to a customer's account and more flexibility. We will be able to accept such simple information as a four line address, telephone numbers and a more accurate history of purchases. The system will also have an inquiry tracking system. So if you do write us with a problem, your letter will be monitored from receipt to resolution. Finally, instead of being listed on our accounts , for instance, as D. Pope, I can, if I wish,

be listed as Mrs. Donna Pope.

We are moving the customer service center out of the San Francisco Old Mint to a new modern facility in suburban Washington. The tremendous distance between coasts made it nearly impossible to manage this function and respond to the changing conditions found in a special coin program. Being closer will allow senior supervisors to manage more closely the important customer service function. So, don't be surprised to see a Washington return address on your letters.

The Mint is already using the private sector for the actual order processing system. We are presently using the services of Mellon Bank to process the bulk of all the orders through a lock box. The Mint's order processing equipment was almost antique and could not adjunct to the demands of special coin programs. The lock box permits speedier processing so that funds are deposited faster resulting in greater interest collection for the government.

The change with which most of you are probably already familiar is the switching from sending all parcels by registered mail to using a combination of first class mail, UPS delivery and registered mail for silver and gold coins. It was just too expensive to send a proof set by registered mail. Switching to UPS for shipment of 3, 4, and 5 proof sets saves \$380,000 over first class mail and \$3,500,000 over registered mail. These savings are what allow us to sell, one of, if not the most inexpensive proof set in the world.

Few serious problems have been reported by the UPS delivery. On the first trial we did send sets to home address instead to the Post Office boxes listed on the mailing list. This caused a concern among some collectors who use a post office box to protect their coin collection. One irate man telephoned rather upset because until the proof set notice arrived at home, his wife was not aware that he had a post office box. Not wanting to be the contributing factor in family problems we have separated all the customers with Post Office boxes and make sure their coins are sent to those boxes. A key thing I'd like you to remember is that UPS will pay for the replacement of any coin set that is stolen or damaged so our customers are protected. And during our cost benefit analysis we determined that even with our first class mail replacements, there would be a great cost savings.

I think this pretty much updates you on the numismatic side of the Mint.

Our expansion and improvement project at the Denver Mint is moving along quite well with construction expected to be finished by January. We are testing some high speed coin

presses and mintwide we are working with a group of efficiency engineers to develop work standards and guides for our production process. I was amazed to learn, when I became Mint Director, that engineered standards for our plants did not exist. Any modern manufacturing plant has such standards and in the near future so shall the Mint.

As you see the Mint has been a busy place this past year and I have every reason to believe we will be just as busy in the next year. It is certainly a challenge to come from the outside to help a President carry out his program. I have always viewed my responsibility as a member of this Administration to find ways to carry out the Mint's mission in an inexpensive and efficient manner.

President Reagan has said that a government agency is the closest thing to eternal life found on the earth. The spending habits of the government resembles that of the feeding habits of a new born baby. An alimentary canal with an insatiable appetite at one end and no sense of responsibility at the other.

I am proud that at the U.S. Mint we have achieved a measure of success in reducing that appetite and restoring responsibility. Formerly, at the end of the budget year in Washington it was not uncommon to see an agency rush out and buy all sorts of unneeded supplies because the agency discovered they were not going to need all of their budget for planned expenses. I am pleased to report that at the end of last year when we discovered we were running a \$7.5 million surplus at the end of the year, I returned that money to the general fund of the Treasury. That is the kind of responsibility in government the public demands, and the kind we in the Reagan Administration want to deliver, and with the help of the people at the Mint we work daily for that deliverance

In closing, I hope all of you found time this past week to visit the U. S. Mint exhibit. A lot of planning went into this year's exhibit since we wanted to have a good sales effort and make it educational. This is the first time we have had some of the regular engraving staff out in the public showing their work and explaining the process. I want to thank the organizers of this theatre and the American Numismatic Association for their hospitality. It has been a pleasure to be here this afternoon, and if you let me "coin a phrase" I hope the coin business continues to thrive in "Mint" condition.

I'll be glad to take ten minutes of friendly questions.